

U.S.DEPARTMENT OF AGRICULTURE
WASHINGTON, D.C. 20250

DEPARTMENTAL REGULATION		NUMBER: 5013-6
SUBJECT: Use of the Purchase Card and Convenience Check	DATE: February 22, 2000	
	OPI: Office of Procurement, Property, and Emergency Preparedness	

1 PURPOSE

This regulation prescribes policies and procedures for use of the purchase card. The *APC/LAPC Purchase Card Program Guide* and *PCMS/Micro-Purchase Guide* provide the details supporting this regulation. All three of these documents can be accessed through the USDA Procurement home page at <http://www.usda.gov/da/procure.html>.

2 PROGRAM OBJECTIVES

The Purchase Card Program reduces administrative costs and allows agencies to procure supplies and services faster through the use of the purchase card and convenience check. Regulation 5013-6, along with the *APC/LAPC Purchase Card Program Guide* and the *PCMS/Micro-Purchase Guide*, establish USDA policies and procedures for use of the government-wide purchase card and convenience checks in conjunction with USDA's Purchase Card Management System (PCMS).

3 POLICY

Pursuant to Executive Order 12931, it is the policy of USDA that the purchase card will be used for supply and/or service procurements valued at \$2,500 or less and construction procurements valued at \$2,000 or less. These purchases are known as "micro"-purchases (FAR 2.101). In addition, purchase cards will be used by warranted personnel for actions at or below the simplified acquisition threshold (SAT) to the maximum practicable extent. The SAT for any contract to be awarded or performed, or purchase to be made, within the United States, is currently \$100,000 (FAR 2.101).

Warranted contracting personnel may also use the purchase card and convenience checks to process procurement actions under contracts, provided appropriate contractual arrangements are reflected in the contract document.

In the event a vendor will not accept the purchase card, a convenience check may be used to process the transaction provided certain Debt Collection Improvement Act (DCIA), Public Law No. 104-134, waiver criteria are satisfied. It is also USDA policy that other uses of the convenience check, such as reimbursement for expenditures on official business, emergency salary payments, and spot cash awards will be maximized in lieu of the use of cash from imprest funds. (Refer to the *APC/LAPC Purchase Card Program Guide* and/or *PCMS/Micro-Purchase Guide* for details.)

To supplement this Departmental Regulation (DR), agencies must submit to the Office of Procurement, Property, and Emergency Preparedness (OPPEP), a copy of the agency's proposed augmentation to this regulation prior to implementation. It is USDA policy, consistent with the Regulatory Reform Initiative, to limit supplementation to this regulation.

4 CANCELLATION

DR 5013-3, Use of the Third Party Draft System, dated February 23, 1995, and DR 5013-4, Use of the Purchase Card, dated July 23, 1996, are hereby canceled.

5 DEFINITIONS

- a Accountable Property. Accountable property is all real property, all leased personal property regardless of acquisition cost, and all owned personal property having an acquisition cost of \$5,000 or more and any item valued at less than \$5,000 but determined by an Agency Property Management Officer (APMO) to be "sensitive." (AGPMR § 104-50.001-1, Sept. 1997)
- b Alert System. The alert system is the subsystem in PCMS that provides user messages to: Agency Program Coordinators (APCs), Local Area Program Coordinators (LAPCs), the Departmental Program Coordinator (DPC), and the Office of Inspector General (OIG) regarding questionable transactions and transactions selected by statistical sampling for review. Some alerts will trigger a set of questions that must be answered to verify the validity of a specific transaction. Alerts are in place to reduce fraud, waste, and abuse. APCs and LAPCs will regularly monitor and follow up on the alerts and statistical sampling features of PCMS in order to provide oversight to cardholder purchases and frequency of transaction reconciliations.
- c Biobased Product. Biobased product means "a commercial or industrial product (other than food or feed) that utilizes biological products or renewable domestic agricultural (plant, animal, and marine) or forestry materials." (Executive Order 13101, §213)

- d Convenience Checks. Convenience checks are issued to authorized cardholders. Convenience checks are written against a cardholder's account and reconciled in PCMS. Pursuant to DCIA, convenience checks are not considered electronic transactions. As a result, the convenience check can only be used when one of the waivers to electronic transactions is satisfied. (For detailed waiver information, refer to Authorized Use of the Convenience Check in either the APC/LAPC Purchase Card Program Guide or PCMS/Micro-Purchase Guide.)
- e Federal Acquisition Regulation (FAR). The FAR establishes uniform policies and procedures for acquisition by all executive agencies (FAR 1.101) The FAR is located in Title 48, Chapter 1 of the Code of Federal Regulation.
- f Javits-Wagner-O'Day (JWOD) Act. This Act, 41 U.S.C. §46 et. seq., established the JWOD Program, which generates jobs and training opportunities for people who are blind or who have other severe disabilities, through the federal procurement process. For a current JWOD product and service listing, log onto their home page at <http://www.jwod.gov>. JWOD products can also be acquired on-line through the USDA Acquisition Toolkit at <http://www.usda.gov/da/procure.html> and through JWOD at <http://www.jwod.com>.
- g Micro-Purchase. As currently defined in the FAR (FAR 2.101), purchases at or below \$2,500 for services (\$2,000 construction) and supplies.
- h Monthly Purchase Limit. The maximum total dollar amount a cardholder is authorized to procure each month. This amount is similar to a "credit limit." It is established in PCMS and at the card services contractor (bank) when a cardholder's account is first established. The dollar amount of the monthly limit is established by the manager conferring the purchase card on an employee. This limit includes both purchase and convenience check transactions.
- i Purchase Card Management System (PCMS). Computer software used to manage, reconcile, dispute, and pay purchase card and convenience check transactions. It is accessed through a personal computer meeting certain minimum configuration and communication requirements. (For detailed information, refer to either the *APC/LAPC Purchase Card Program Guide* or *PCMS/Micro-Purchase Guide*.)
- j Procurement Request. The USDA AD Form 700, Procurement Request, is optional for purchases at or below the micro-purchase threshold, except for hazardous items (i.e., firearms, ammunition, explosives, or hazardous biological and radioactive substances). In other cases, requisitions at this dollar level should not generally be forwarded to the servicing contracting office for processing unless the requirement is of a unique, complex, or sensitive nature, or the vendor will not accept the purchase card or convenience check for the order. The handling of such a requisition will be coordinated in advance with your servicing contracting office.

- k Sensitive Personal Property. Sensitive personal property is "[a]ny item of accountable property valued less than \$5,000 which is highly susceptible to loss or theft as defined by the Agency Property Management Officer." (AGPMR 104-50.001-10, Sept. 1997) If you have questions regarding what items your agency has designated as sensitive property, contact your local Property Management Officer.
- l Single Purchase Limit. The maximum dollar amount a cardholder is authorized for a single transaction using either the purchase card or convenience check. This amount is established in PCMS and at the card services contractor (bank) when a cardholder's account is first established. The single purchase limit applies to both purchase card and convenience check transactions. For example, a cardholder with a single purchase limit of \$2,500 cannot write a check for \$3,000. The manager conferring the purchase card authority on an employee establishes the single purchase limit. Note that only warranted personnel may be authorized single purchase limits greater than \$2,500 consistent with their warrant limitations. (See Section 19 for policy regarding program type "nonprocurement" actions.)
- m Spot Cash Award. Cash awards given to employees up to and including \$500 in accordance with agency guidelines and the USDA Guide for Employee Recognition, AD Form 1097.
- n Warrant or Warrant Authority. The contracting authority delegated to a USDA employee by a duly authorized appointing official in accordance with federal and USDA regulations. The warrant, SF-1402, states the level of contracting authority delegated to an individual, including any limitations on that authority. Above the micro-purchase threshold, only warranted individuals bind USDA contractually.

6 SPECIAL INSTRUCTIONS

- a Prohibition on Acquiring Hazardous Items. Using the purchase card and/or convenience check for the acquisition of firearms, ammunition, explosives, or hazardous biological and radioactive substances is strictly prohibited. For such items, requisitions are to be prepared and forwarded to the servicing contracting office after obtaining agency required approvals and licenses (if any).
- b Card/Convenience Checks for Official Business Use Only. The purchase card and convenience checks are for official government business use only. Under no circumstances is the card or convenience check to be used for personal purchases or as identification for personal purchases. Failure to properly use and safeguard the card and/or checks will result in revocation of card and convenience check authority, and possible disciplinary action in accordance with applicable procedures. Refer to the *APC/LAPC Purchase Card Program Guide* for details on disciplinary actions.

- c Competition at or Below Micro-Purchase Level. At and below the micro-purchase level of \$2,500 (\$2,000 for construction), cardholders are not required to seek competition as long as they believe the price is reasonable (FAR 13.202(a)(2)).
- d Business Size. Micro-purchases may be made from any size business using the purchase card or convenience checks (FAR 13.003(b)(1)). However, it is USDA policy to increase opportunities for small, small disadvantaged, and small women-owned businesses. Cardholders are therefore encouraged to acquire from these sources whenever possible.
- e Competition Above the Micro-Purchase Level. Other than under existing contracts, contracting officers and other warranted personnel using the purchase card to make purchases above the micro-purchase threshold, pursuant to 41 U.S.C. § 428(a)(2), competitive quotations are required for all purchases.
- f Priority of Use — Purchase Card Versus Convenience Checks. Convenience checks are for official use only and are to be used when a vendor does not accept the purchase card. They may also be used for reimbursements for local travel and expenses that were previously addressed through the use of imprest funds, as well as spot awards and emergency salary payments to employees.
- g Ethics Requirements. Office of Government Ethics Standards of Conduct for Executive Branch Employees apply to purchase card and convenience check use. All purchases/transactions must be transacted for official Government business only. Cardholders with questions regarding the propriety of a particular purchase should consult their LAPC, servicing contracting office or agency ethics officer for guidance and assistance, prior to making the purchase.
- h Regulatory Applicability. Use of the purchase card and convenience checks must be consistent with the FAR, Agriculture Acquisition Regulation (AGAR), Federal Property Management Regulation (FPMR), Agriculture Property Management Regulation (AGPMR), Office of Government Ethics Standards of Conduct for Executive Branch Employees, and Agency regulations.
- i Environmentally Preferable Products and Services. It is the policy of USDA to acquire environmentally preferable, including biobased, products and services in accordance with the goals and policies of Executive Order 13101, September 14, 1998. This preference extends to acquisitions at all dollar levels, including those accomplished using the purchase card.
- j Requirement to Timely and Accurately Reconcile. It is USDA policy that cardholders shall reconcile their accounts no later than 30 calendar days after a transaction appears in PCMS, absent extenuating circumstances. Failure to timely and accurately reconcile may cause inaccuracies in agency status of funds information. In addition, failure to cite correct budget object classification codes and, for convenience check recipients, Employer Identification Numbers (EINs) or Social Security Numbers (SSN), may cause 1099s to erroneously be issued to USDA employees and vendors. Failure to timely and accurately reconcile shall

constitute grounds for management to revoke purchase card and convenience check privileges, and possible disciplinary action. For additional information on cardholder responsibilities, refer to the *PCMS/Micro-Purchase Guide*.

7 APPLICABILITY

This regulation is applicable to all USDA activities with delegated procurement authority or that are serviced by agencies with delegated procurement authority.

8 ACRONYMS

APC	Agency Program Coordinator
APMO	Accountable Property Management Officer
AGAR	Agriculture Acquisition Regulation
AGPMR	Agriculture Property Management Regulation
BOC	Billing Office Contact
CFPDC	Consolidated Forms and Publications Distribution Center
CIO	Chief Information Officer
COTR	Contracting Officer's Technical Representative
DCIA	Debt Collection Improvement Act
DPC	Departmental Program Coordinator
DR	Departmental Regulation
EIN	Employer Identification Numbers
FAR	Federal Acquisition Regulation
FPMR	Federal Property Management Regulation
HCAD	Head of Contracting Activity Designee
IT	Information Technology
JWOD	Javits-Wagner-O'Day Act
LAPC	Local Agency Program Coordinator
OIG	Office of Inspector General
OPPEP	Office of Procurement, Property, and Emergency Preparedness
PCMS	Purchase Card Management System
SAT	Simplified Acquisition Threshold

SM	Secretarial Memorandum
SPE	Senior Procurement Executive
SSN	Social Security Number
UNICOR	Federal Prison Industries, Inc.
USDA	United States Department of Agriculture

9 PCMS PUBLICATIONS/VIDEOS

The training materials will be housed at the Consolidated Forms and Publications Distribution Center (CFPDC) in Landover, Maryland. These materials can be ordered directly from the Distribution Center using Form CFPDC-1 in accordance with departmental/agency procedures citing the following form numbers (see also <http://www.usda.gov/oo/forms.htm>).

AD 1113 PCMS Training Workbook and PCMS Cardholder Instructions

AD 1120 USDA Purchase Card Program Video

Each of the following documents can be downloaded from the USDA Procurement web site at <http://www.usda.gov/da/procure.html>.

APC/LAPC Purchase Card Program Guide

PCMS/Micro-Purchase Guide

10 YEAR 2000 COMPLIANCE REQUIREMENT FOR PURCHASES & THE USDA INFORMATION TECHNOLOGY MORATORIUM

When purchasing Information Technology (IT) products that will be required to perform date/time processing involving dates subsequent to December 31, 1999, cardholders are **REQUIRED** to purchase only those that are Year 2000 compliant. (FAR 39.106) "Year 2000 compliant" means that the IT accurately processes date/time data (including, but not limited to, calculating, comparing, and sequencing) from, into, and between the twentieth and twenty-first centuries, and the years 1999 and 2000 and leap year calculations, to the extent that other IT, used in combination with the IT being acquired, properly exchanges date/time data with it. (FAR 39.002) In the event a non-year 2000 product or service is required, a prior, specific exemption to this requirement must be obtained from the USDA Chief Information Officer (CIO).

11 ACQUISITIONS OF PRODUCTS AND SERVICES SOLD BY “REQUIRED SOURCES”

When acquiring supplies and services, cardholders are REQUIRED, in accordance with law and Executive Branch policies, to purchase from UNICOR or nonprofit agencies participating in the JWOD Program those supplies and services appearing on the UNICOR Schedule of Products made in Federal Penal and Correctional Institutions or on the JWOD Procurement List maintained under the JWOD program (FAR 8.601-.606, 8.700-.715). This requirement generally applies only to purchases over \$25 of items on the UNICOR Schedule (FAR 8.605(a), 8.606(e)). It applies to purchases of any dollar value of items on the JWOD Procurement List (FAR 8.704(b)).

12 RESPONSIBILITIES & PROCEDURES

The *PCMS Micro-Purchase Guide* provides the cardholder with details of how the Purchase Card program works and instructions for using the purchase card and convenience checks. Refer to this guide for complete details on cardholder purchasing responsibilities and performing PCMS functions.

The *APC/LAPC Purchase Card Program Guide* provides complete details on the roles and responsibilities of each individual involved in the Purchase Card Program from the administration of the program to the cardholder. The following is a brief overview of each role in the USDA purchase card program:

- a Departmental Program Coordinator (DPC). A program coordinator in OPPEP who manages the USDA Purchase Card Program. The DPC is the Contracting Officer's Technical Representative (COTR) for GSA's government-wide contract with the purchase card services contractor.
- b Agency Program Coordinator (APC). The APC is responsible for the overall program in each agency and is the agency's contact with the DPC.
- c Local Agency Program Coordinator (LAPC). LAPCs are appointed locally by the Head of the Contracting Office, subject to the concurrence of the APC. The LAPC is responsible for the day-to-day operations of the purchase card program at each site. This includes cardholder training, purchase card record maintenance, and oversight of purchase card transactions.
- d Billing Office Contact (BOC). The NFC is the designated BOC for all USDA purchase card users and is responsible for payment of the single, electronic invoice.
- e Cardholder. The cardholder is the individual to whom a card is issued. This individual may purchase, within his or her delegated authority, supplies and services required by the Government. No other person is authorized to use the card and, if issued, convenience checks.

- f Manager. Managers determine who within their organizations should receive purchase cards and convenience checks.

13 PURCHASE CARD OVERSIGHT

The DPC, APCs, LAPCs, OPPEP, and the OIG will monitor purchase card transactions through PCMS' alert system, statistical sampling, and query tool software. Cardholders are required to comply with any requests by the DPC, APC, LFPC, OPPEP, OIG, and other duly authorized organizations/individuals for information/investigations regarding questionable purchases.

14 DELEGATION OF AUTHORITY

- a General. In accordance with Secretarial Memorandum (SM) 1010-4, as modified by a September 15, 1999 Decision Memorandum approved by the Secretary of Agriculture, the Director of OPPEP is delegated authority to promulgate Departmental policies, standards, techniques and procedures, including developing and administering principles and objectives supporting procurement, and serves as the USDA Senior Procurement Executive (SPE). In relation to the USDA Purchase Card Program, the SPE delegates authority as described below.
- b Micro-Purchases. The USDA SPE delegates micro-purchase procurement authority through this regulation. Letters of delegation from the Heads of Contracting Activities or their designees are therefore unnecessary. Managers or supervisors determine to whom cards and convenience checks will be issued. They can request authority for non-warranted personnel up to and including the micro-purchase level. These requests shall be submitted to the cognizant LAPC for action. Issuance of the purchase card by the LAPC confers the authority up to the limit specified by the manager or supervisor as reflected in PCMS. This authority terminates upon the employee's separation from their organization or cancellation of the card by the APC or LAPC.
- c Simplified Acquisitions and Formal Contracts. Only warranted USDA employees may purchase above the micro-purchase level. Warranted individuals may use the purchase card, and, if issued, convenience checks, up to the amount of their delegated authority and the single and monthly purchase limits established for their cards or \$2 million, whichever is less. Refer to DR 5001-1, *USDA Contracting Officer Warrant System*, or its successor, and DR 5100-2, *USDA Leasing Officer Warrant System*, or its successor, for policy on contracting delegations of authority/warrants.
- d Changes to Spending Limits. Changes to a cardholder's single purchase limit and/or monthly spending limit will be directed to the LAPC for action but must be approved by the cardholder's manager or supervisor prior to implementation.

15 AUTHORIZED USE OF CARDS AND CHECKS

There are specific guidelines on using the purchase card and convenience checks. The *APC/LAPC Purchase Card Program Guide* and *PCMS/Micro-Purchase Guide* provide complete details as to what is or is not permitted. Failure to comply with these guidelines may result in loss of purchase card and convenience check authority as well as disciplinary action. The following is a brief overview and does not include all conditions relating to the purposes for which the card and checks may or may not be used:

- a The purchase card can be used to purchase goods and services under the micro-purchase threshold, accountable/sensitive property, special purpose space to be used on a temporary or emergency basis, and to acquire repairs and maintenance to government-owned or leased vehicles/equipment in an emergency situation or when the fleet credit card is not accepted.
- b Convenience checks can be utilized for purchases only when: (1) the vendor or merchant will not accept the purchase card, and (2) at least one of the DCIA waivers is satisfied. The following are considered appropriate uses for convenience checks:
 - (1) Bona fide emergencies where the purchase card is not a viable solution;
 - (2) Transactions with small and/or rural businesses that are not yet able to accept the purchase card;
 - (3) Spot cash awards;
 - (4) Local travel reimbursements; and
 - (5) Other properly approved transactions for which the imprest funds were previously used that cannot be addressed using the purchase card.
- c The purchase card and convenience checks will not be used for cash advances, long-term rental or lease of land or buildings, travel-related purchases, personal purchases, to acquire major telecommunication services, or hazardous items (see *Special Instructions*)..

16 COMPLEX REQUIREMENTS AND USE OF THE PURCHASE CARD

For complex, unique, or high-risk actions, above the micro-purchase threshold, use of the purchase card (other than as a payment tool) is not permitted. Considerations for forwarding a procurement request to the servicing contracting activity for review and possible action include: (1) whether the requirement is for firearms, ammunition, explosives, or radioactive agents; (2) complicated terms and conditions; (3) need for a contract in order to document mutual responsibilities of the parties; (4) mission criticality; (5) high performance risk; and (6) any other compelling considerations.

17 TERMS AND CONDITIONS FOR PURCHASE CARD TRANSACTIONS

- a Micro-Purchases. In accordance with FAR 13.201(d), clauses generally are not required for purchases at or below the micro-purchase threshold. FAR 13.201(d) takes precedence over any other FAR requirement to the contrary, but does not prohibit the use of any clause.
- b Purchase Orders and Contracts. The Contracting Officer will ensure appropriate terms and conditions, in accordance with the FAR, are included in contracts/orders where the purchase card is to be used.

Suggested clause language, which may be tailored by Contracting Officers, is provided below:

PROCUREMENT USING THE PURCHASE CARD

- (a) Definitions. "Purchase Card" refers to the commercial credit card, currently a Visa card, authorized for use by United States Department of Agriculture (USDA) personnel by the USDA Office of Procurement, Property, and Emergency Preparedness (OPPEP), for the acquisition of supplies and services.
- (b) The purchase card will be used under this contract/order for procurement(s) and payment(s). The parties agree that the price(s) reflected in this order and/or Section B of this contract (as appropriate) reflect use of the purchase card. The contractor notes that it is a violation of Visa regulations to charge a premium for card transactions, but that the vendor is permitted to offer discounts for cash payments.
- (c) The contractor will not process a transaction for payment through the purchase card clearinghouse until: (i) the purchased supplies have been shipped or (ii) purchased services performed. For subscriptions, the contractor may process the transaction for payment upon receipt of this order. Unless the Contracting Officer requests correction or replacement of a defective or faulty item in accordance with this order/contract, the Contractor will immediately credit the purchase cardholder's account for items and related charges for items returned as defective.

[End of Clause]

Other terms and conditions may be added, pursuant to the FAR, as determined appropriate by the Contracting Officer.

18 TRAINING REQUIREMENTS

In order to receive a purchase card with micro-purchase authority, non-warranted personnel must receive training in micro-purchase regulations and procedures and PCMS. All personnel must be trained to use PCMS before a card may be conferred. Individuals issued a card will certify that they have received the training, understand the regulations and procedures, and know the consequences of inappropriate actions.

Each Agency Head is responsible for training participants in the USDA Purchase Card

Program. Materials have been developed for use in training cardholders, APCs, LAPCs, and others involved in using or monitoring purchase card transactions. These training materials are listed in the *APC/LAPC Purchase Card Program Guide*.

Warranted personnel will receive credit towards their maintenance training requirements based upon the duration of time spent receiving official APC/LAPC and/or cardholder training.

19 USE OF THE CARD AND/OR CONVENIENCE CHECKS FOR DISASTER, INDEMNITY, AND OTHER PROGRAM PAYMENTS

OPPEP, in accordance with SM 1014-4, has overall USDA responsibility for disaster management and coordination of emergency programs. Pursuant to this authority, the OPPEP Director, as the SPE, may authorize the use of the purchase card and/or convenience check for disaster, indemnity, and other program payments. Such payments are generally not considered "procurement" as defined in the FAR, and often involve amounts beyond the micro-purchase delegation of authority for non-warranted personnel. Agencies cannot use the purchase card and/or convenience check for program payments without prior approval from the SPE. To obtain approval to use the purchase card and/or checks for program payments, the cognizant Head of Contracting Activity Designee (HCAD) will furnish a decision memorandum for the SPE's consideration.

At a minimum, this decision memorandum will address the following:

- a A summary of the program and its objectives;
- b The rationale for using the purchase card and/or convenience checks to make payments under the program, including any relevant program-specific statutory authority, emergency declarations, etc.;
- c Whether the purchase card or convenience check (or both) will be used to make the program payments;
- d The anticipated average and maximum per transaction payment amounts, as well as the estimated total of all payments to be issued and the methodology to be used to determine the program payment amount;
- e The method to be used to document the program payments;
- f A listing of the personnel who will be authorized to issue the program payments (if procurement series personnel will not be issuing the payments, also provide a summary describing the qualifications of these personnel to issue payments, the training these personnel will receive to ensure payments are properly issued, and the internal controls to be implemented);
- g The expected length of time the authority will be needed to make the program

payments using the purchase card and/or checks;

- h The specific appropriation from which payments will be made and a statement that sufficient funds are available to cover the expected program payments; and
- i Any other relevant information that will assist the SPE in evaluating the request.

Approval of the decision memorandum by the SPE will constitute a delegation of authority to the HCAD to use the purchase card and/or convenience check for the requested program payments. In emergencies or other situations the SPE deems appropriate, the SPE may verbally delegate the required authority to the HCADs and waive prior submission of the decision memorandum required above until such time that this documentation can be prepared.

20 INQUIRIES

Inquiries about the USDA Purchase Card Program should be directed through agency channels (the cognizant LAPC and APC) to the DPC in the OPPEP, at (202) 720-7527. For technical inquiries, refer to the *Troubleshooting* section in either the *APC/LAPC Purchase Card Program Guide* or *PCMS/Micro-Purchase Guide* for specific details.

[END]